UNITED
NATIONS

E

Economic and Social Council

Distr.
GENERAL

E/CN.3/1993/6
21 January 1993

ORIGINAL: ENGLISH

STATISTICAL COMMISSION
Twenty-seventh session
22 February-3 March 1993
Item 4 (a) and (b) of the provisional agenda*

NATIONAL ACCOUNTS AND BALANCES: SYSTEM OF NATIONAL ACCOUNTS (SNA)

IMPLEMENTATION OF THE REVISED SYSTEM OF NATIONAL ACCOUNTS (SNA)

Report of the Intersecretariat Working Group on National Accounts

SUMMARY

The present report on SNA implementation is closely related to the progress report on the SNA (E/CN.3/1993/4) also before the Commission. It has been prepared in response to a request by the Statistical Commission, during its twenty-sixth session, that the Intersecretariat Working Group on National Accounts (ISWGNA) prepare a document setting out a strategy for implementing the revised SNA. The report starts with an introduction that addresses the heterogeneity of implementation issues across a range of countries and certain factors that may have impeded the implementation of the 1968 SNA. The responsibility of individual countries to establish their own priorities with regard to implementation is stressed. The report then discusses means of implementation, emphasizing the improvement of basic data, development of handbooks and manuals, training and technical assistance. Section III reviews the role that ISWGNA can play in promoting implementation, stressing further enhancement of the conceptual framework and coordination of training and technical assistance.

* E/CN.3/1993/1.

93-03907 3749h (E) 080293 10/02/93

/...

CONTENTS

		Paragraphs	Page
I.	INTRODUCTION AND IMPLEMENTATION OF THE 1968 SNA	1 - 6	3
II.	MEANS OF IMPLEMENTATION	7 - 17	4
	A. Basic data development	8 - 9	4
	B. Handbooks, guidelines, manuals and special studies	10 - 12	5
	C. Training	13 - 14	6
	D. Technical cooperation/assistance	15 - 17	6
III.	ROLE OF THE ISWGNA IN IMPLEMENTATION	18 - 28	7
	A. Publication of the revised SNA	20	7
	B. Enhancement of the conceptual framework	21 - 22	8
	C. Implementation of the revised SNA	23 - 28	8
IV.	GUIDANCE SOUGHT FROM THE COMMISSION	29	10
Annex.	TASK FORCE ACTIVITIES		11

I. INTRODUCTION AND IMPLEMENTATION OF THE 1968 SNA

1. The revised SNA includes a large number of features that represent improvements over the 1968 SNA, particularly the presentation of a complete and integrated set of accounts including transactions, other flows, and balance sheets. However, in many respects, the revised SNA is less a departure from its predecessor than the 1968 version was from the 1954 SNA. It must be recognized that few countries were able to or desired to implement the full 1968 system. This reflected a number of factors including: (1) resource constraints; (2) lack of analytical need for many features of the system; (3) lack of knowledge of the system; (4) lack of technical assistance in both development of basic data and SNA data; and (5) failure to develop an international strategy for implementation that could assist a broad range of countries.

2. In fact, there was little systematic effort directed at the implementation of the 1968 SNA as a new system. While the system was vastly different from its 1954 predecessor, this new orientation was not well reflected in training seminars, manuals and other implementation support. Although many regional meetings, including training workshops, were devoted to the 1968 SNA immediately following its adoption, it was left to the countries and the existing experts, most of whom were familiar only with the 1954 SNA, to implement it. Handbooks were primarily directed towards further development of the concepts, and those practical manuals that were produced sometimes did not go beyond the scope of the 1954 SNA.

3. Implementation will be a major effort for all groups of countries. The OECD countries have only limited experience in implementing some of the features of the new system, particularly financial accounts, holding gains, and balance sheets. Countries in transition from central planning to market-oriented policies must move from the MPS to the SNA in addition to implementing the new features of the revised SNA. Less developed countries have been able to implement only a few features of the 1968 SNA, due, in many cases, to lack of basic statistics. Therefore, a variety of approaches will be necessary.

4. It must be recognized that individual countries bear the responsibility for deciding how, when, and how much of the revised SNA to implement. They must set priorities, allocate resources, and determine which elements are needed. The regional commissions, OECD and Eurostat may have a special role in assessing priorities in groups of countries. It must also be recognized that "implementation" should not mean installing the complete system. Different elements will have different priorities in different countries and will relate to those countries' analytical and policy priorities and needs. All external assistance must respond to those country-determined needs and not apply external criteria for what and how much to implement. However, within these parameters, there is a major role for the international community in the areas of coordination, further conceptual development, training, and technical assistance. The challenges are both technical and financial. There is a

major technical constraint - how to familiarize a new generation of national accountants and their trainers with the new system. Financial constraints are obvious - many countries have experienced declining budgets for statistics and national accounts is one of many worthwhile projects competing for limited statistical resources. Financial constraints also impose substantial limitations on the multilateral and bilateral providers of technical assistance in all areas of statistics.

5. In the light of these constraints and challenges, the role that the ISWGNA can play in implementation is limited but important; the major elements of that role (elaborated in section III below) relate to collaboration and coordination among its members on further development and adaptation of the conceptual framework, production and review of handbooks, and coordination of multilateral and bilateral assistance and training.

6. It must also be noted that the revised SNA is only a conceptual framework; guidance on "how to" is not included in the manual before the Statistical Commission. Many countries, particularly the least developed, will have major difficulties with implementation unless a full range of handbooks is developed.

II. MEANS OF IMPLEMENTATION

7. The content, priorities, and pace of implementation will be different in different countries and will also vary within countries over time; therefore, there cannot be a single strategy for implementing the SNA. There are, however, several broad fronts where progress must be made; in many of these, international effort and coordination will be critical. Of particular importance in this regard are (a) basic data development; (b) handbooks, guidelines, manuals and special studies; (c) training; and (d) technical assistance.

A. Basic data development

8. The Commission will recall that, following the publication of National Accounting Practices in 70 Countries (Series F, No. 26), a survey was carried out by the Statistical Division in 1986. The principal conclusion that emerged from these reviews was that the lack of availability of comprehensive, timely and reliable basic economic statistics severely hampered the development of national accounts in many developing countries. It was further noted that financial and human resource constraints were severe and that this would impede the improvement of data systems in general. Similar views have been expressed by representatives of national statistical offices in all regions of the developing world. Countries of Eastern and Central Europe and the former Soviet Union that are in the process of transition towards market-oriented systems have not yet modified their statistical systems to generate the range of basic data necessary for a full set of SNA-based accounts. In brief, the lack of basic economic data required for SNA-based

accounts constitutes the single most important barrier to timely implementation of the revised SNA. The challenge facing many countries is to improve the flow of basic data for their own particular uses and as an input in the phased implementation of the revised SNA.

9. As there is great diversity of circumstances and stages of statistical development, it would be inappropriate to establish a single set of priorities for the development of basic statistics. A pragmatic approach based on country circumstances and priorities in the implementation of the SNA will be called for. This process can be aided, however, by a sharing of country experiences. Based on a careful review of experiences elsewhere, it should prove possible for the international agencies, and particularly the regional commissions, to elaborate a schematic plan emphasizing the priorities for basic data-collection programs to implement the various elements of the SNA framework. Among the priorities for many countries will be the improvement of survey capacity for households and businesses, and the more effective use of administrative records. This represents the most cost-effective approach to generating basic data that can serve as inputs for SNA in many developing and transition economies. Improved basic data in certain areas will also increase countries' ability to use indirect methods for estimating certain components of the SNA. Properly used, indirect estimation, making use of identities and relations within the SNA, is one of the strengths of the system. Development of computer software to aid compilation and the use of estimations will also facilitate implementation of the SNA.

B. Handbooks, guidelines, manuals and special studies

10. It is recognized that the SNA is a conceptual document and is not intended to provide practical guidance for implementation. Such practical guidance must be provided, however, and therefore handbooks and compilation guides are essential for national accountants to concretely implement the revised SNA. At present, a number of handbooks are in preparation. However, their finalization necessarily had to wait until the SNA concepts and guidelines were completed, as each handbook deals with these revised concepts. It is expected that in the year after approval of the SNA, the following handbooks will be circulated by the Statistical Division for comment: Input/Output, SNA for Transition Economies, SNA Compilation, and Household Sector Accounts. A provisional version of the United Nations Handbook on Economic Environmental Accounts will be published in 1993, as will the IMF Balance of Payments Compilation Guide. Other handbooks are in the design stage - particularly on SNA under conditions of high inflation and enterprise accounts. The development of handbooks has been and is also likely in the future to be constrained by limited financial resources.

11. In addition to the handbooks, the development of manuals in related statistical fields can play a major role in SNA implementation. The fifth edition of the IMF Balance of Payments Manual (BOPM) will be published in 1993. The BOPM has been almost completely harmonized with the revised SNA and thus the balance-of-payments statistics compiled according to BOPM

recommendations can be used directly to compile the SNA rest of the world accounts. IMF manuals on financial statistics and government finance statistics will also be revised in the coming years, and one of the principal criteria for revision will be harmonization with the SNA and use of the data compiled as inputs for the relevant SNA sector accounts.

12. Countries are also urged to prepare studies on specific issues and their own implementation experiences. These can be given wide dissemination, perhaps through the ISWGNA.

C. Training

13. Training national accountants is also a central issue for timely and effective implementation of the revised SNA. It is clear that there will be a large demand for the training of national compilers in the new system but it will also be necessary, as a priority, to train in the new system those specialists in national accounts who are currently providing technical assistance to countries through international, regional and subregional organizations.

14. Organization of training sessions, courses, workshops and seminars will be necessary as a primary method of acquainting national accountants with the new system. These training activities will have to be carried out at national, regional, and world-wide levels. In the early stages, they will deal with the general features of the revised SNA, but training in specific areas such as sector accounts and the subjects of individual handbooks will also be needed. The support of training will require the development of a broad range of materials, including courses and textbooks, specific training materials, lectures and presentations that could be used in various venues (including videotaped presentations by specialists) and software.

D. Technical cooperation/assistance

15. Technical cooperation/assistance on a large scale will be necessary to introduce the new concepts of the revised SNA in individual countries, to aid in the development of necessary basic statistics, and to help in the development of country specific priorities and work plans for implementation. It must be recognized that in practice there are multiple reciprocal influences between the implementation of the SNA and the development of the more basic elements of the statistical system, and these influences vary from country to country. In all cases, technical cooperation/assistance must respond to the expressed analytical needs and priorities of countries. This applies both to the elements of the SNA to be implemented and to decisions as to how much of the system to implement.

16. While recognizing that national accounts projects must be tailored to the specific needs and circumstances of countries, some common features of assistance projects can be identified. These include: (i) identification of

policy and analytical needs, and determination of priorities; (ii) design of a national accounts compilation framework that identifies concepts and classifications to be developed, and a work plan for implementation of the framework; and (iii) evaluation of the basic statistics that will be necessary to implement the SNA framework, and development of a work plan (and possible parallel technical assistance) to assure the improvement in basic data.

17. For technical assistance, the priority for national accounts projects should be on statistically less developed countries and transition countries; in both cases, implementation of the SNA must be paralleled by substantial improvements in basic data.

III. ROLE OF THE ISWGNA IN IMPLEMENTATION

18. The Working Group on International Statistical Programmes and Coordination, at its fifteenth session, in reviewing the mechanisms for coordinating the development of global statistical standards, noted the role that the ISWGNA had played in the SNA revision process. It noted that the particular approach had been effective in coordination of the work and suggested that similar arrangements be considered for other areas of methodological work. The Working Group went on to recommend that the ISWGNA should have a continuing role in the national accounts area beyond the completion of the present revision (see annex).

19. Assuming that the Commission finds the Working Group's recommendations acceptable, the ISWGNA would like to offer a number of suggestions concerning future work in national accounting, which involve a joint work programme as well as coordinating cooperation among international agencies. These cover (a) the publication of the revised SNA; (b) enhancement of the conceptual framework and future revisions; and (c) implementation of the revised SNA. It must be recognized that the suggestions that follow will require substantial new resources that have not yet been committed by the ISWGNA organizations. The views of the Commission will therefore be necessary on the desirability of adopting such an approach to implementation and seeking the agreement of the participating organizations to such a new and large commitment.

A. Publication of the revised SNA

20. The most immediate task after the present session of the Commission is, of course, the publication of the SNA document. The Commission has before it a virtually complete draft of the revised SNA. In a separate paper before the Commission (paper produced by the December meeting) the ISWGNA reports on a number of the most important conceptual changes in the system that have engendered substantial discussion. In this paper, the ISWGNA makes specific recommendations on the treatment of these issues. On the assumption that the Commission adopts the revised SNA, the text will need to be revised and finalized on the basis of its decisions. This will require careful drafting by the authors, as well as editing and cross-referencing to assure consistency

throughout the document. The ISWGNA is currently discussing the most efficient manner of designing, composing and printing the document; a verbal update will be provided during the Commission session. It is presently envisaged that the revised SNA will be published in at least three languages before the end of 1993, with editions in other languages following in 1994.

B. Enhancement of the conceptual framework

21. The need for further work on the enhancement of the conceptual aspects of the system has been recognized in many fora. Keeping the SNA updated and current will require continuous work, entailing research into those complex and contentious issues that have not been fully resolved in the current revision process. Beyond such work, a number of new and emerging issues which will require action are identified in the report of the Interregional Seminar on the Revision of the SNA (see paras. 142 and 143). Work will also be required on refining the recommendations now embodied in the draft in the light of experience, as implementation of the system proceeds.

22. The ISWGNA could address the issues described above by working closely with national statistical offices that have relevant experience and interest. In addition, the ISWGNA could arrange special regional/interregional consultative meetings of national officials and other national accounts experts at periodic intervals in order to both review research findings and to identify new areas of work. Many of the emerging issues will also be taken up by the members of the ISWGNA in their own work programmes, as these issues will undoubtedly impact on their operations. It is further suggested that the ISWGNA could report regularly to the Statistical Commission on developments relating to conceptual issues and, when appropriate, recommend changes and enhancements to parts of the framework. It is envisaged that the framework will need revision at more frequent intervals than in the past. Adoption of the preceding strategy would mean that the global statistical community would not have to wait 25 years for the next SNA revision, nor would it have to wait for a complete revision to capture major innovations in national accounting.

C. Implementation of the revised SNA

23. For effective implementation to take place, substantial efforts will be required in the areas addressed in section II of the present report. The ISWGNA can play a major coordinating role in a number of these areas, especially in the development of handbooks and manuals, the coordination of technical assistance and training.

Handbooks and manuals

24. The ISWGNA has given considerable attention to the need for handbooks and has identified a range of handbooks that appear desirable. Work has begun on a number of these, particularly within the Statistical Division (see paras. 10 and 11 above). Discussions at regional commission meetings and at the recent

Interregional Meeting confirmed the urgency for these handbooks. Progress to date in the preparation of handbooks has been limited by several factors. As the task of completing the revision received the highest priority, work on the handbooks was assigned a lower priority. Furthermore, resource limitations, both human and financial, precluded extensive effort. As the revision process progressed, it became apparent that it would be premature to finalize handbooks until the substantive revision was completed.

25. The work on handbooks needs to be addressed systematically and the ISWGNA suggests for the consideration of the Commission that: (a) the ISWGNA play a coordinating role in the identification of necessary handbooks, and the production of handbooks and compilation guides; (b) the ISWGNA seek the assistance of national statistical agencies in funding costs through voluntary contributions and/or through assuming responsibility for the production of the handbooks under guidelines developed by the ISWGNA; and (c) in some cases, the organizations of the ISWGNA undertake directly the production of handbooks and compilation guides.

26. There will also be a special role for the development of manuals in other areas of statistics that can provide inputs into national accounts. The ISWGNA can promote the development of such manuals, and try to ensure that they are harmonized as closely as possible with the conceptual framework of the SNA.

Technical cooperation/assistance and training

27. It must be recognized that resources for technical cooperation/assistance and training programmes will continue to be limited. It is therefore imperative that all available resources from multilateral and bilateral sources be used efficiently and in a cost-effective manner. There is a need to ensure that there is a minimum of duplication of efforts and that all available resources are husbanded and efficiently deployed. The need for effective coordination is most important and could be provided by the ISWGNA.

28. The ISWGNA could act as a coordinating body and, in pursuit of this goal, could collate information on assistance delivered for improvement of national accounts as well as on all courses that will be available. The ISWGNA could also act as a clearing-house by considering major requests for assistance put together by the regional commissions on the basis of country submissions. In training, the ISWGNA could act as a catalyst in identifying appropriate curricula, particularly in assuring that methodological changes are reflected in training courses. The regional commissions could have a special role in the development and implementation of training courses at the regional and subregional levels; this would be particularly important with respect to the training of trainers who would work at national and regional levels. Another useful role could be played by publication of a newsletter that would provide the means for sharing country experiences in implementing the SNA. Finally, the ISWGNA could report regularly to the Commission on the implementation of the SNA; this would not preclude any individual member organization of the ISWGNA from reporting to the Statistical Commission on implementation aspects of its own work programme.

IV. GUIDANCE SOUGHT FROM THE COMMISSION

29. The Commission, when discussing the overall strategy for implementing the revised SNA, may wish to provide guidance on:

(i) The organization of the SNA implementation process and in particular the role of the Inter-Secretariat Working Group on National Accounts (ISWGNA) in this process, in the light of the terms of reference given to task forces by the Working Group of the Statistical Commission;

(ii) The priorities and orientation of the work on SNA implementation, particularly with regard to basic data development, training, elaboration of handbooks, guidelines, manuals and other special studies, and technical cooperation/assistance.

Annex

TASK FORCE ACTIVITIES

The Working Group on International Statistical Programmes and Coordination, at its fifteenth session, identified six statistical areas in which review was considered a priority and established task forces to carry out reviews. One of these areas was national accounts, and the Working Group noted that a task force mechanism in the form of the ISWGNA already existed. The terms of reference given to the task forces were:

(i) Determine in the specified area, work being done by the involved organizations on methods, collection, compilation, processing and dissemination and technical cooperation, although it was recognized that technical cooperation may not lend itself to treatment in a subject-by-subject way but may need to be reviewed in an integrated way;

(ii) Assess problems, duplication, weaknesses, imbalances and priority gaps;

(iii) Study how to carry out an evaluation of the quality of the statistics in the outputs, and carry out such an evaluation as far as possible;

(iv) Review the publications issued by each organization in the field of statistics and make recommendations, taking account of the needs of the range of users;

(v) Take agreed actions to improve the system-wide work in the area, including its coordination;

(vi) Report to the Working Group at its next session on actions taken and/or present proposals and unresolved issues for action by the Working Group.

The Working Group noted that task force work on national accounts would not start until the ISWGNA had completed work on the revision of the SNA. Therefore, the ISWGNA will address the points raised by the Working Group after the publication of the revised SNA in 1993.